Rules of
Department of Economic Development
Division 140—Division of Finance
Chapter 11—Small, Small Loan Companies

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PURPOSE: Small, small loan companies (hereafter known as section 500 companies) are subject to regulation and examination by the Division of Finance, pursuant to section 408.500, RSMo (Cum. Supp. 1990), for the purpose of assuring compliance with all applicable laws. This rule establishes minimum recordkeeping requirements to facilitate examination and regulation.

(1) Books and Records. No special system of records is required by the commissioner of finance. The records of a section 500 company will be considered sufficient if they include a cash journal, double entry general ledger or a comparable record and an individual account ledger. The records of the business of each registered office shall be maintained so that the assets, liabilities, income and expense may be readily ascertained.

(2) Cash Journal. A cash book or cash journal shall contain a chronological record of the receipt and disbursement of all funds, all items of receipt or expenditures incidental to the granting or collection of a section 500 company loan.

(3) General Ledger. The general ledger shall be posted at least monthly. A trial balance sheet and profit and loss statement shall be available to the examiner. When the general ledger is kept at a central office other than the location of the registered office, the central
office shall provide information required by this section.

(4) Account Ledger. An individual record shall be kept for each individual contract. That ledger card or sheet shall include at least the following items:
   (A) Account number which shall correspond to the loan number and which account numbers shall be sequential;
   (B) Name and address of the borrower and of the section 500 company;
   (C) Date of contract;
   (D) Date when first and subsequent payments are due;
   (E) Number of installments;
   (F) Amount of installments;
   (G) Date payments received;
   (H) The amount financed;
   (I) The finance charge;
   (J) The total of the amount financed and finance charge;
   (K) The total of payments; and
   (L) The annual percentage rate.

(5) Index. The section 500 company shall maintain a file which shall index each borrower alphabetically and contain at least the following information: name of borrower, address of borrower, date of contract, account number and date paid in full. A separate index shall be kept on open contracts or agreements and those paid in full.

(6) Records Available. All books, records and papers, including the contracts and applications, shall be kept in the office of the section 500 company and made available to the examiner of the Division of Finance for examination at any time without previous notice. When contracts are hypothecated or deposited with a financial institution or other party in connection with credit, access to it must be provided for the examiner pursuant to agreement between the section 500 company and the other financial institution(s).

(7) Handling of Errors. When an error is made on the individual ledger or general ledger of a manual operation, a single thin line, preferably in red, shall be drawn through the improper entry and the correct entry made on the following line. No erasures whatsoever shall be made in any record.

(8) Records to be Maintained by Company. A section 500 company shall preserve its records of section 500 company transactions, including cards used in a card system, if any, for at least two (2) years after making the final entry with respect to any section 500 company agreement. The preservation of records in photographic, microfilm or microfiche form constitutes compliance with this section.

(9) Contracts Paid in Full. When a section 500 company loan is paid in full, it shall be the responsibility of the section 500 company to mark the original contract paid in full and return it to the borrower. If paid by renewal, the note should be so marked.

(10) Contracts Paid in Full Before Maturity. When a section 500 loan is paid in full before maturity, the individual ledger shall show at least the following information:
   (A) The date paid in full; and
   (B) The amount of interest refunded (if any).

(11) Penalties. Violations of this rule shall be regarded as a violation of section 408.500, RSMo and subject to the same penalties as provided in that section.
